

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southern California Gas Company (U 904 G) for Approval of Program Year 2003 Low-Income Assistance Programs and Funding	Application 02-07-001 (Filed July 1, 2002)
Application of San Diego Gas & Electric Company (U 902 E) for Approval of Program Year 2003 Low-Income Assistance Programs and Funding.	Application 02-07-002 (Filed July 1, 2002)
Application Of Pacific Gas And Electric Company (U 39 M) For Approval Of The 2003 California Alternate Rates For Energy and Low-Income Energy Efficiency Programs and Budget.	Application 02-07-003 (Filed July 1, 2002)
Southern California Edison Company's (U 338-E) Application Regarding Low-Income Assistance Programs for Program Year 2003.	Application 02-07-004 (Filed July 1, 2002)
Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing Low-Income Assistance Programs.	Rulemaking 01-08-027 (Filed August 23, 2001)

**ASSIGNED COMMISSIONER'S RULING REVISING THE DUE DATE FOR  
ENERGY DIVISION'S REPORT ON THE AUDIT OF THE CALIFORNIA  
ALTERNATE RATE FOR ENERGY PROGRAM ADMINISTRATIVE EXPENSES**

Pursuant to Decision (D.) 02-09-021, this ruling revises the due date for Energy Division's report on Energy Division's audit of the large energy utilities'

California Alternate Rate for Energy (CARE) administrative expenses.<sup>1</sup> The large energy utilities are: Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company.

In D.02-09-021, the Commission determined that the ex post evaluation for program year (PY) 2002 CARE administrative expenses should focus on general consistency with program proposals, rather than a detailed review of whether particular activities (e.g., a certain media program or decision to reprogram billing systems in a specific manner) were reasonable after-the-fact. In that same decision, the Commission recognized that the review of the utilities' PY2002 program budgets raises fundamental questions about the manner in which the large utilities are reporting and recovering administrative expenses for CARE-related activities, and to what extent these expenditures are incremental to the program.

Accordingly, the Commission directed Energy Division to conduct an audit of all PY2002 CARE administrative expenses that would focus on the specific details of utility practices with respect to recording and reporting CARE administrative costs. The Commission indicated that the audit report should include an evaluation of where CARE administrative costs are currently being recovered and present findings on whether or not the costs booked to the CARE account are incremental, and not provided for in the utility's base rates. The Commission also directed Energy Division to present recommendations on how the utilities should report and recover CARE administrative expenditures on a more consistent basis in the future, and on whether any recorded PY2002

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<sup>1</sup> "The assigned Commissioner may, for good cause, modify the due dates set forth in this decision." See D.02-09-021, Ordering Paragraph 11

expenditures should be disallowed for cost recovery. In that decision, the Commission authorized Energy Division to hire independent contractors to conduct the audit, and established an August 1, 2003 due date for Energy Division's report.

On January 28, 2003, Energy Division released its request for proposals (RFP) on "A Program Financial and Managerial Audit of the Administrative Expenses of the CARE Program" to hire independent contractors to conduct the audit and develop recommendations on how the utilities should report and recover CARE administrative expenditures on a more consistent basis in the future. In addition, on the basis of the audit, Energy Division will develop recommendations on whether any recorded PY2002 expenditures should be disallowed for cost recovery. Pursuant to the RFP, the contractor is to begin work on June 3, 2003.

Energy Division has brought its concerns to me regarding the August 1, 2003 due date, in light of the time required to develop the RFP, select a contractor and have that contractor and Energy Division staff develop the comprehensive report envisioned by the Commission in D.02-09-021. Accordingly, I am revising the due date for Energy Division's report to February 1, 2004.

**IT IS RULED.**

Dated March 7, 2003, at San Francisco, California.

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/s/ CARL WOOD

Carl Wood  
Assigned Commissioner

## CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached ***ASSIGNED COMMISSIONER'S RULING REVISING THE DUE DATE FOR ENERGY DIVISION'S REPORT ON THE AUDIT OF THE CALIFORNIA ALTERNATE RATE FOR ENERGY PROGRAM ADMINISTRATIVE EXPENSES*** on all parties of record in this proceeding or their attorneys of record.

Dated March 7, 2003, at San Francisco, California.

/s/ SUSIE TOY

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Susie Toy